

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
LEGISLATIVE COMMITTEE**

**MINUTES
MEETING OF MAY 17, 2003**

At 8:05 a.m. Chairman Lee Panza in Conference Room C of San Mateo City Hall, called the meeting to order.

Members Attending: Deborah Gordon, Marc Hershman, Irene O'Connell, Lee Panza, Joe Silva, Sue Lempert, and Marland Townsend.

Staff/Guests Attending: Walter Martone (C/CAG Staff - County Public Works), Richard Napier (C/CAG Executive Director), Brian Moura (City of San Carlos), Christina Kerby (Assemblyman Leland Yee's Office).

1. Public comment on items not on the agenda.

None

REGULAR AGENDA

2. Minutes and summary of the meeting of April 15, 2003.

Motion: To approve the minutes as presented. O'Connell/Wilder, unanimous.

3. Update from C/CAG Lobbyist in Sacramento (in person).

Wes Lujan provided a briefing on the latest news from Sacramento.

- Governor's May Revised Budget.
 - The Governor stated that the adoption of the budget must 1) be approved on time, 2) include financing the deficit, and 3) include structural reforms.
 - The Republican response has been 1) they will not support the increase in the sales tax to finance the debt, 2) they want a vote of the people before any new taxes are increased, 3) they want the debt financed using existing revenues as the collateral.
 - The State Treasurer has predicted that the State will run out of money on July 10th if it does not have an approved budget.
- Vehicle License Fee (VLF).
 - A date has not been set for when the fee will be reinstituted.
 - The State has indicated that they want to hold back a portion of the fee to support the State.
 - McClintock has indicated he will file a legal challenge to reinstituting the fee, and he plans to sponsor an initiative to totally repeal the VLF.
- C/CAG's Bill (AB 1546).
 - It is currently in the Assembly Appropriations Committee Suspense File.
 - In order to make the bill revenue neutral to the State, an amendment has been submitted to allow the DMV to be fully reimbursed for the cost of collecting and administering the fee.

- If unsuccessful getting the bill passed, we may attempt to have it included as part of a budget negotiation package.
- There was a recent Independent article on the bill. We should try to get more press coverage after Samceda votes to support it.
- Redevelopment.
 - The Governor is still proposing to take from \$500,000 to \$700,000 of local redevelopment funds. This will be the first time that the State has touched this source of local funds.
 - One proposal is to triple the Redevelop Act ERAF contribution in the first year of the budget.
 - The Organized Labor lobby may become a large factor in this debate. They generally would vigorously oppose any taking of redevelopment funds because it would slow down construction projects. However Labor is still unhappy over its fight with local governments over prevailing wage issues. We need to let Labor know specifically what projects will not get built if redevelopment money is taken away, and tell them that we need their help to protect these funds.
 - Special Districts will also likely have to contribute to paying down the deficit.
 - Redevelopment reserves may have already been committed to specific projects and will be needed to pay off bonding debt. This means that if the State takes money that they feel are reserves; local governments will have to pay the bonding debt through General Funds.

Motion: To make protection of redevelopment funds a priority for C/CAG and its lobbyist. Townsend/Lempert, unanimous.

- Bond Debt.
 - The total amount of State bond debt is becoming excessive.
 - It is becoming more difficult for the State to sell additional bonds. An example is the cigarette tax bond, which was withdrawn because the revenues were deemed as unreliable.
 - It is very uncertain whether an increase in the income tax for the wealthy will be acceptable.
 - By statute, the State is quickly reaching its borrowing limit.
- ACA 10.
 - This bill goes to the Elections and Constitutional Amendments Committee next Tuesday. C/CAG will be represented at the hearing.
 - They need at least five more Republican votes in order for the bill to pass the Assembly. It is hoped that some of the coastal Republicans will see the value of this bill for their own localities. They also need 100% of the Democrats supporting the bill.
 - The Planning and Conservation League has become a sponsor for the bill.
 - The California League of Cities is supporting the bill.
- SCA 2, ACA 7, ACA 9, ACA 11.
 - All of these constitutional amendments will likely be considered as part of the adoption of the budget. The Republicans have vowed to fight all attempts to reduce the two-thirds voter requirement.
- SCA 2 (Torlakson).
 - The Senator has reneged on his pledge to remove the Smart Growth expenditure

requirement in this bill.

- **AB 1221 (Steinberg).**
 - The League held a session with Mr. Steinberg's staff to discuss this and other bills. The staff received a lot of criticism and harsh treatment from the audience. It was noted that attacking a Legislator's staff can cause more harm than good.
- **Recall effort.**
 - So far over 100,000 signatures have been collected toward the recall of the Governor. This effort has gone further than anyone expected

4. Consideration of positions on various bills –

- **AB 136 – Workers' compensation: disability leave of absence.**
 - This bill would increase the fully paid leave of absence for safety personnel injured on the job from one to two years. These benefits would be fully tax-exempt.

***Motion: To recommend an "oppose" position to the C/CAG Board of Directors.
Townsend/O'Connell, unanimous.***

- **AB 1160 – Housing: second units.**
 - This bill would severely restrict local government authority over the construction of 2nd units.
 - It was noted that this and most of the other housing bills have become two-year bills with the exception of AB 744.

***Motion: To recommend an "oppose" position to the C/CAG Board of Directors.
Townsend/O'Connell, unanimous.***

- **AB 1268 – Land use.**
 - This bill would require the establishment of urban growth zones in each jurisdiction and prohibit the extension of infrastructure beyond the boundaries of those zones.

***Motion: To recommend an "oppose" position to the C/CAG Board of Directors.
Townsend/O'Connell, unanimous.***

- **AB 1426 – Affordable housing: greater Sacramento region.**
 - This bill would require increased affordable housing in the Sacramento region as a condition of the receipt of certain revenues.

***Motion: To recommend an "oppose" position to the C/CAG Board of Directors.
Townsend/O'Connell, unanimous.***

- **SB 744 – Planning: housing.**
 - This bill would establish a State Committee that would have the authority to reverse local land use decisions.

***Motion: To recommend an "oppose" position to the C/CAG Board of Directors.
Townsend/O'Connell, unanimous.***

- **AB 1221 – Taxation.**

- This bill would swap local sales tax dollars for property tax dollars.
- C/CAG should oppose the bill because –
 - ✓ This bill is not a careful solution to a complex problem.
 - ✓ There needs to be real structural reform.
 - ✓ We should be opposed philosophically to using Constitutional amendments to solve these types of issues.
 - ✓ If the issue being address is really the housing crisis, then we should focus on that issue and not mix it up with fiscal reform.
 - ✓ This bill and others are picking away at local land use authority. Soon it will all be in the hands of the State.
 - ✓ If this issue is really to address a Sacramento housing issue, it should be solved just for Sacramento and leave the rest of the State alone.
 - ✓ Local governments have already make plans and decisions based on the current revenue structure. This included making assumptions and living with the consequences.
 - ✓ A comprehensive solution to the revenue structure for local governments must include a diverse revenue base.
 - ✓ This is a bad time to be doing revenue restructuring. It should be done when there is not a fiscal crisis and a greater opportunity to make mistakes that we will have to live with.

Motion: To recommend an “oppose” position to the C/CAG Board of Directors. If the bill starts to move closer to adoption, C/CAG may want to take a more active role in opposing the bill. Townsend/Lempert, unanimous.

- **SB 20 – Solid waste: electronic waste products: recycling and refurbishment.**

- This bill establishes a new mandatory recycling program for electronic waste.

Motion: To recommend a “support” position to the C/CAG Board of Directors. Townsend/Lempert, unanimous.

- **SB 916 – Toll bridge revenues.**

- This bill will increase by one dollar the toll on bay area state owned bridges.
- Funding from the toll increase will greatly improve the deliverability of the new rail extension over the Dumbarton rail corridor.

Motion: To recommend a “support” position to the C/CAG Board of Directors. Lempert/Townsend, unanimous.

- **SCA 2 – Local government: sales taxes: transportation and smart growth planning.**

- This bill will lower the voter requirement to a simple majority for sales tax increases to support transportation projects. The bill also includes a requirement to spend 25% of the revenues on Smart Growth Planning.
- A number of individuals testified at the Policy Committee hearings on this bill, requesting that the Smart Growth expenditure requirement be removed. The Senator indicated that he would address it in an amendment. Recently the Senator

renege on this commitment and indicated that he would leave the Smart Growth requirement in the bill.

- It is very important to C/CAG and San Mateo County overall that the voting threshold for voter support of a transportation sales tax measure be lowered. However it is totally inappropriate to commit 25% of the total revenues to a “planning” activity.
- We need to let the Senator know that C/CAG is already doing a lot with Smart Growth.

Motion: To recommend that C/CAG change its position from “support with amendments” to “oppose unless amended.” Townsend/O’Connell, motion passed with 7 ayes and 1 no (Lempert).

5. Summary of bills that may be of interest to C/CAG and recommended process for tracking of bills.

The Committee reviewed a report of over 200 bills that may be of interest to local governments.

6. Reschedule the July meeting to June 28th.

The meeting in July falls on July 4th weekend; therefore the Committee may want to consider rescheduling it. The Committee will make a decision at the June 7th meeting on when to reschedule the July meeting.

7. Adjournment.

At 10:00 a.m. the meeting was adjourned.